

# Spartanburg Community College

## Independent Auditors' Reports Required by Government Auditing Standards and the Single Audit Act

Schedule of Expenditures for Federal Awards for the Year Ended June 30, 2013



**SPARTANBURG  
COMMUNITY  
COLLEGE**



SCC Central Campus



SCC Cherokee County Campus



SCC Tyger River Campus



SCC Downtown Campus



Union County Advanced  
Technology Center



# SPARTANBURG COMMUNITY COLLEGE

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Independent Auditors' Report On Compliance  
For Each Major Program And On Internal Control Over  
Compliance Required by OMB Circular A-133

Spartanburg Community College  
Spartanburg, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Spartanburg Community College's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Spartanburg Community College's major federal programs for the year ended June 30, 2013. Spartanburg Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Spartanburg Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Spartanburg Community College's compliance.

**Opinion on Each Major Federal Program**

In our opinion Spartanburg Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Spartanburg Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit, we considered Spartanburg Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Spartanburg Community College's internal control over compliance.

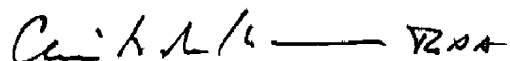
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities of Spartanburg Community College, a discretely presented component of the State of South Carolina, as of and for the years ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 20, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC  
September 20, 2013

Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Based On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards

Spartanburg Community College  
Spartanburg, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Spartanburg Community College, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2013 and, and the related notes to the financial statements, which collectively comprised Spartanburg Community College's basic financial statements, and have issued our report thereon dated September 20, 2013. The Spartanburg Community College Foundation's financial statements were not audited in accordance with Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Spartanburg Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spartanburg Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spartanburg Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit by those charged with governance.

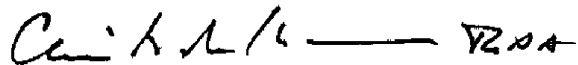
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Spartanburg Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cynthia L. Yzola", followed by a horizontal line and the letters "YZOLA".

Gaffney, SC  
September 20, 2013

**SPARTANBURG COMMUNITY COLLEGE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

<b>Federal Grantor/Program Title/Grant Title</b>	<b>CFDA Number</b>	<b>Grant Period</b>	<b>Expenditures As of 6/30/2013</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Student Financial Aid Cluster</u>			
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007	2012-13	183,699
		2011-12	8,297
Federal Direct Loans	84.268	2012-13	3,024,714
		2011-12	(2,089)
Federal Work-Study Program (FWS)	84.033	2012-13	157,863
		2011-12	8,634
		2010-11	2,021
Federal Pell Grant Program (PELL)	84.063	2012-13	13,309,044
		2011-12	6,767
		2010-11	45
Total Student Financial Aid Cluster			<u>16,698,995</u>
 <u>TRIO Cluster</u>	 84.042A	 2012-13	 236,966
TRIO- Student Support Services		2011-12	<u>40,042</u>
Total TRIO Cluster			<u>277,009</u>
 <u>Pass-through from S.C. Department of Education</u>			
Perkins IV Postsecondary Funding -	84.048A	2012-13	<u>328,780</u>
Total S.C. Department of Education			<u>328,780</u>
 <u>Pass-through from S.C. Commission on Higher Education</u>			
ARRA Grants for Statewide, Longitudinal Data Systems	84.384	2012-13	<u>2,000</u>
Total S.C. Commission on Higher Education			<u>2,000</u>
 <b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u><u>17,306,784.15</u></u>
 <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Pass-through from S.C. Department of Health and Human Services</u>		2012-13	<u>6,554</u>
T.E.A.C.H.	93.575		
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><u>6,554</u></u>
 <b>U.S. DEPARTMENT OF COMMERCE</b>			
<u>Pass-through from S.C. Technical College System</u>	11.557	2012-13	13,551
ARRA Broadband Technology Opportunities Program			
<b>TOTAL U. S. DEPARTMENT OF COMMERCE</b>			<u><u>13,551</u></u>
 <b>APPALACHIAN REGIONAL COMMISSION (ARC)</b>			
Appalachian Regional Commission (ARC) Downtown Development Center Equipment			
	23.001	2012-13	<u>250,000</u>
<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>			<u><u>250,000</u></u>
 <b>U.S. NUCLEAR REGULATORY COMMISSION (NRC)</b>			
Nuclear Education Curricula Enhancement			
	77.006	2012-13	52,292
U.S. NRC Scholarship and Fellowship Program			
	77.008	2012-13	<u>58,367</u>
<b>TOTAL U.S. NUCLEAR REGULATORY COMMISSION</b>			<u><u>110,659</u></u>
 <b>U.S. DEPARTMENT OF LABOR</b>			
<u>Pass-through from Henry Ford Community College</u>			
Multi-state Advanced Manufacturing Consortium	17.282	2012-13	20,087
<b>Trade Adjustment Assistance Community College and Career Training (TAACCCT)</b>			
<u>Pass-through from Greenville Technical College</u>			
SC Accelerate Grant	17.282	2012-13	26,989
<b>Trade Adjustment Assistance Community College and Career Training (TAACCCT)</b>			
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u><u>47,076</u></u>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 17,734,624</u></u>



**SPARTANBURG COMMUNITY COLLEGE**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Spartanburg Community College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

3. FEDERAL LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College began initiating loans through the Federal Direct Lending program in summer 2010. The totals and types of loans received for the current fiscal year are:

Federal Direct Loans	Subsidized	\$ 2,659,951
	Unsubsidized	<u>362,674</u>
Total		<u><u>\$ 3,022,625</u></u>

**SPARTANBURG COMMUNITY COLLEGE**  
Summary Schedule of Prior Audit Findings  
June 30, 2013

**Findings Relating to the Financial Statements:**

**MW 12-01      Financial Close Process**

Condition:    The appropriate financial close entries and processes were not being performed in order for the financial statements to be fairly stated and released in a timely manner.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings and questioned costs relating to federal awards.



September 13, 2013

Mr. Ben Kochenower  
Cline Brandt Kochenower & Co., P.A.  
Post Office Box 848  
Gaffney, SC 29342

Dear Mr. Kochenower:

Your firm conducted an audit of Spartanburg Community College for the year ended June 30, 2012. In your audit you noted findings relating to financial statements: Specifically, MW 12-01 Financial Close Process, indicating the appropriate financial close entries and processes were not being performed in order for the financial statements to be fairly stated and released in a timely manner.

On September 27, 2012, the College responded to your findings with planned corrective actions to provide the new Director of Finance with additional outside assistance to provide technical assistance and to complete some of the financial processes. In addition, there was a commitment to provide the office with additional training in order for staff to complete future closings.

Since the College's above response we have requested and received technical assistance and Datatel training plus the new Director of Finance has a year of SCC specific experience resulting in financial statements being fairly stated and released in a timely manner. Consequently, it is our understanding that there have been very few and very minor issues during the present June 30, 2013 audit, indicating significant improvement and control of the College's financial processes.

Should you have any concerns with our present financial department processes or methods I am sure you will notify us and we are confident to address and improve to achieve the highest standards of performance in this area.

Sincerely,

L. Ray Switzer

Vice President for Business Affairs

**SPARTANBURG COMMUNITY COLLEGE**  
Schedule of Findings and Questioned Costs  
June 30, 2013

**Summary of Auditors' Results:**

GAGAS

An unmodified opinion was issued on Spartanburg Community College's basic financial statements dated September 20, 2013.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statement were disclosed by the audit of their financial statements.

A-133

An unmodified opinion was also issued on compliance of major programs at Spartanburg Community College dated September 20, 2013. There were no significant deficiencies or material weaknesses in internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major programs at Spartanburg Community College are the Student Financial Aid Cluster and TRIO-Student Support Services (CFDA# 84.042) from the U.S. Department of Education, Perkins IV- Career and Technology Education Improvement Act (CFDA# 84.048) pass-through the S.C. Department of Education, and Appalachian Regional Commission (ARC) Downtown Development Center Equipment (CFDA# 23.001) from Appalachian Regional Commission. Type A programs are defined as those that expended \$300,000 or more and type B programs are those that expended \$100,000 or more. Spartanburg Community College's total federal awards expended for the year ended June 30, 2013 were between \$ 10 million and \$100 million.

Spartanburg Community College is not a low risk auditee by the criteria listed in OMB Circular A-133.

**Findings Relating to Financial Statements:**

There were no findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings or questioned costs related to federal awards.

<u>Financial Aid Cluster</u>	<u>Federal CFDA Number</u>
U.S. Department of Education	
FSEOG	84.007
Federal Work Study	84.033
PELL	84.063
Direct Loan	84.268